UNITED NATIONS

DP

Governing Council of the United Nations Development Programme

Distr.
GENERAL

DP/RAP/2
31 March 1992

ORIGINAL: ENGLISH

Thirty-ninth session
4-29 May 1992, Geneva
Item 6 of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH INTERCOUNTRY PROGRAMME FOR ASIA AND THE PACIFIC

Programme period	Resources	$
1992-1996	Net IPF	160 900 000
	Estimated cost-sharing	5 000 000
	Total	165 900 000

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I. DEVELOPMENT SITUATION, OBJECTIVES, AND STRATEGIES

A. Current socio-economic situation

1. The Asia-Pacific region, with a population of 3,020 million in 1990, accounts for 57 per cent of the world's population. The total gross domestic product (GDP) of the developing Asia-Pacific region is approximately $1,500 billion, divided unequally among the major subregions: the estimated GDP of the six-country Association of South-East Asian Nations (ASEAN) is $264 billion; that of South Asia $363 billion; and that of the Pacific Island countries $2.1 billion. China and India are the largest economies with estimated GDP of approximately $400 billion and $300 billion respectively.

2. The growth performance of many developing Asia-Pacific countries has been consistently high over the last 25 to 30 years. For the developing region as a whole, the growth rate in the 1980s has been estimated at nearly 7 per cent, which is almost double the average growth rate of all developing countries.

3. Rapid growth in Asia is attributable in part to high rates of savings. Savings and investment rates were both above 30 per cent in 1990 for the region as a whole, but there are wide variations. In the two largest economies, China and India, gross domestic savings were over 35 per cent and 20 per cent respectively. Most Southeast Asian economies recorded around 30 per cent, but South Asian countries, with the exception of India, had savings rates closer to 10 per cent, and in the Pacific, apart from Fiji, it was between 10 and 15 per cent.

4. Exports account for slightly over 20 per cent of the GDP of developing economies in the region. Although most countries shared in the region's export growth, some failed to do so primarily because of economic policy distortions and a lack of commitment to trade promotion. In virtually all countries, however, this commitment is emerging.

5. Intraregional trade (including that of both developed and developing countries) in 1989, amounted to $272 billion or nearly 41 per cent of all trade. Nearly half (49 per cent) of the exports of developing economies in the region are absorbed within the region, in which the dominant market is Japan. The significance of intraregional trade varies as between countries and subregions. Some 52 per cent of ASEAN exports, for example, are traded within the region, while for South Asia the figure is only 25 per cent. Subregional trade is much less significant, however. Less than 20 per cent of ASEAN exports remain in the subregion and for South Asia the proportion is less than 5 per cent.

6. At the end of the 1980s, developing Asia-Pacific countries were receiving net flows of financial resources of over $20 billion per year, of which the share of official development assistance (ODA) was about half. The region as a whole has seen marked increases in annual inflows of foreign direct investment, the main recipients being China, Hong Kong, Indonesia, Malaysia, Republic of Korea, Singapore, Taiwan (Province of China) and Thailand. The

major part of intra-Asian investment, including equity, is between Japan and East and South-East Asia. Very little is accounted for by South Asia.

7. The region as a whole has contained the external debt problem within manageable levels, but there are some exceptions among the less dynamic trading countries. At the end of 1991, developing economies of the region were bearing outstanding external debts (long- and short-term) of around $370 billion.

8. Widespread poverty, which seriously inhibits human capacities as well as being an affront to development, is still an important characteristic of the Asia-Pacific region. It has been estimated that in the mid-1980s, some 800 million people (280 million in East and South-East Asia and 520 million in South Asia) were living in absolute poverty in the region - a number equivalent to 75 per cent of the world's poor. The heterogeneity of the region is underlined by the performance of individual countries in terms of poverty alleviation. Experience ranges from examples of highly successful poverty eradication to examples of continuing failure. Growing numbers of people are not in themselves a cause of poverty which persists because of the failure of the poor to gain access to adequate education, health, nutrition, water and sanitation facilities, and productive employment. Poverty is also compounded by inequalities in the distribution of incomes and assets and, closely related to these inequalities, environmental degradation.

9. The UNDP Human Development Report 1991 indicates that 4 countries in the region have reached high levels of human development, 11 are in the medium category, while low human development characterizes the others. Even with low incomes, however, several countries have performed better than others in human development. Economic, social and public expenditure policies of Governments have a critical bearing on standards of human development but only a relatively low share of public expenditure is allocated to social investment in many countries.

10. Key indicators of human development reveal important disparities within the region. In most parts of East and South-East Asia there have been steady reductions in infant mortality and a rise in life expectancy at birth. Literacy rates are close to or above 80 per cent in several countries. Despite all this progress, great inequalities persist. In a number of countries, only about half of the population has access to both safe water and sanitation and male-female disparities in such areas as literacy are still marked.

11. In much of the South Asian and the former Indo-China subregions, the status of human development is a matter of even greater concern. In four countries, life expectancy has not yet reached 50 years. Some 600 million people in South Asia do not have access to safe water and sanitation. Literacy rates in the subregion are also lower than in any other part of the world, falling below 20 per cent for women in several countries. Gender disparities are also marked in respect of health and education, implying that hundreds of millions of lives remain unfulfilled.

B. Regional development strategies and objectives

12. The overall objectives of this regional programme have been derived from the results of the high-level symposium held in May 1990. The recommendations of that meeting accorded closely with the programme mandates given to UNDP by the Governing Council in its decision 90/34. The specific strategies contained in the fifth intercountry programme are derived from various sources including decisions made in regional forums such as the Economic and Social Commission for Asia and the Pacific (ESCAP) and its legislative bodies; decisions of subregional forums such as ASEAN, the South Asian Association for Regional Cooperation (SAARC) and the Pacific Forum; and, increasingly, other ad hoc intergovernmental meetings of a more specialist nature. As part of the preparations for the programme, UNDP sponsored a series of subregional meetings of aid coordinators in ASEAN, Pacific, North East Asia and former Indo-China. These meetings provided the frameworks for the subregional programmes which the intercountry programme will support.

13. From ESCAP and other meetings various global and regional strategies have emerged which will act as important frames of reference. The objectives of the 1990 World Conference on Education for All will be pursued at the regional level through a proposed programme on basic education. The regional Ministerial Conference on Environment and Development of October 1990, which UNDP also co-sponsored, resulted in a strategy which will guide the environment programmes of the fifth intercountry programme. Other programmes will support the objectives of the 1989 Jakarta Plan of Action on human resources development in the ESCAP region and the social development strategies of the 1991 regional ministerial meeting as well as the second Transport and Communications Decade for Asia and the Pacific.

II. EXTERNAL COOPERATION

A. Role of external cooperation

14. Developing countries of the Asia-Pacific region receive around one quarter of all ODA: some $13 billion per year. A notable feature of ODA and of other external assistance flows is that a large share emanates from the three developed countries of the region and from the region's multilateral organization, the Asian Development Bank (AsDB). Several Asian countries, including China, India and the Republic of Korea, are also donors of growing significance. Thus, ODA flows have an important intraregional character, which greatly facilitates technical cooperation among developing countries (TCDC).

15. UNDP has channelled sizeable resources to the region. From the indicative planning figures (IPFs) of the country programmes, there are annual disbursements of over $210 million, supplemented by about $40 million in regional IPF funds.

B. Aid coordination arrangements

16. Compared to technical cooperation at the country level, UNDP and its partners in the United Nations development system are significant donors to intercountry programmes. This relative prominence of UNDP, together with its political neutrality, gives the organization a very special mandate in donor coordination.

17. The best-known manifestation of the UNDP role in this respect is the Mekong Committee, in which UNDP has been instrumental in mobilizing and coordinating aid from bilateral and multilateral donors worth more than $30 million in the fourth cycle. For other special projects during the fourth cycle, donor cost-sharing and co-financing have amounted to nearly $50 million, to which should be added substantial parallel resources from recipient Governments.

18. Co-mobilization of resources on a comparable scale is anticipated in the fifth cycle, and will be facilitated by the programme approach. UNDP has helped to foster the development of individual intercountry programmes as frameworks for interventions by other donors. One good example is the Tumen River Basin Development project in North-East Asia.

19. In the Pacific, UNDP is facilitating joint programming with other donors in the thematic areas of the subregional programme. Coordination with the other major donors will be an important feature of programme and project implementation in the subregion.

20. Proposed UNDP assistance to strengthen the ASEAN secretariat will also facilitate aid coordination. The creation of an ASEAN cooperation unit will improve the secretariat's capacity to formulate, appraise and monitor projects and programmes financed by ASEAN and outside sources.

III. THE REGIONAL PROGRAMME

A. Assessment of the fourth intercountry programme

21. March 1989 saw the culmination of a comprehensive mid-term review of the fourth programme. The findings of that review were presented to the fourth meeting of aid coordinators, which made several recommendations for future project administration, as well as endorsing a number of new projects.

22. The following sections highlight the conclusions drawn and the lessons learnt from the experience of the fourth cycle, thus indicating the directions to be pursued during the fifth cycle.

23. Funding. The fourth intercountry programme, which was completed at the end of 1991, had an estimated allocation of $227.8 million, appreciably more than the $139.1 million for the third programme (1982-1986). In contrast, there will be a sharp decline in available resources for the fifth programme.

24. Eighty per cent of the fourth-cycle resources was spent on regional programmes, and around 14 and 6 per cent respectively on subregional programmes for South Pacific Countries and ASEAN.

25. The distribution among major sectors was as follows:

	Millions of U.S. Dollars
Energy, natural resources and environment	25 (11%)
Transportation and communications	45.6 (20%)
Social programmes	33.9 (14.9%)
Agriculture, forestry, fisheries	35.1 (15.4%)
Technology and industry	33.7 (14.8%)
Planning and administration of development	29.2 (12.8%)
Trade and economic cooperation	25.3 (11.1%)

26. Number of projects. Over 400 projects were executed within the fourth cycle, an average size of around $700,000. Not all countries in the region participated in regional projects but every country participated in subregional projects. Countries participating in the largest numbers of projects were: Thailand - 151; Bangladesh - 148; Indonesia - 140; India -135; Philippines - 127; Sri Lanka - 119; Malaysia - 116; Pakistan -114; Nepal - 107 and China - 104. Countries such as Thailand, Indonesia, Philippines and Malaysia were participants in both regional and subregional projects. It should also be noted that as many as 186 regional projects had clear linkages with 400 UNDP-supported country projects.

27. Project inputs. Around half the expenditures were on personnel (supply of expertise), 25 per cent on training, and only 9 per cent on equipment, with a significant proportion of the balance also allocated to expertise through subcontracting arrangements.

28. Project location. Increasingly over the years, the location of projects has shifted away from United Nations specialized agency headquarters to participating countries in the region. Over 280 projects were located in the region during the fourth cycle.

29. Thematic emphasis. The two broad themes were human resource development and technology transfer. Individual projects reflected a growing concern with the private sector on which a number of regional and subregional meetings were held among policy makers. Also illustrative of this concern was the focus of several projects on the strengthening of private enterprises through the promotion of joint-ventures, product development and export financing. The role of women in development was a significant element in several regional

activities and support was given to a series of subregional workshops. Several projects addressed issues of poverty alleviation and activities in the informal sector. Many projects dealt with a variety of environmental issues such as pollution control, forestry, pesticides, and watershed management. Technology transfer was featured in a number of projects in such areas as agriculture, industry, civil aviation and telecommunications.

30. Other implementation issues. The monitoring of substantive and quantitative implementation as well as the impact of projects was undertaken through tripartite reviews and evaluations by UNDP field offices and headquarters. As many as 250 tripartite reviews and 50 evaluations were carried out and lead to corrective actions. Lessons from this process have also helped to improve the design of future projects and programmes.

31. Regional resources - intellectual, institutional, material - have not yet been fully mobilized for regional programme implementation, and with the increasing richness and diversity of these resources in the region, there is more scope for them to be more fully utilized.

32. Overall, the fourth programme was characterized by numerous technical project-level interventions, most of which were instrumental in fostering new intercountry contacts and cooperation. For some of the less open economies, the programme was an important vehicle for increased contact with other countries of the region which might not otherwise have occurred. For the Pacific Island countries in particular, the programme delivered important cost-effective assistance of a similar nature to several countries at a time, while promoting subregional cooperation. As far as the sustainability of these efforts is concerned, the record has been mixed but a number of new and enhanced institutional managements (including networks) are testimony to the partial success of the programme.

33. The number of projects, however, was excessive for fully efficient programme management. Even within the same sectors, there were sometimes too many projects without clear linkages among related activities. Some projects also attempted to cover too many countries. Once participating countries were determined, most activities were offered to all of them. A greater sense of ownership by countries in the region will be required for the programme in the fifth cycle.

34. For the fourth regional programme to have had a greater and more sustainable impact, it would have been necessary to encourage a stronger commitment on the part of participating countries (including commitments of resources) and to design projects so as to be more broad-based and cognizant of prevailing policy climates. To ensure greater responsiveness and closer linkages with country priorities, the fourth subregional meeting of aid coordinators proposed that Governments become more closely involved in the formulation and implementation of projects.

35. New arrangements in the fifth cycle will attempt to strengthen the following aspects: greater responsiveness is sought through a more carefully guided programming process which takes into account prevailing development needs of the region; stronger commitment by Governments will be sought through more direct execution involving national and regional institutions; greater impact should result from use of the programme approach in the fifth cycle. These guiding principles were fully supported by the fifth regional meeting of aid coordinators held in January 1992 and by the preceeding subregional meetings.

B. Proposals for UNDP cooperation

1. Preparatory process

36. The fifth intercountry programme seeks to put in motion a new pattern of programming: first, to determine a strong framework of thematic development objectives, and then to identify the intercountry initiatives within that framework which UNDP-funded technical cooperation is best placed to support. This process has therefore broken with the practice of de facto "project brokering".

37. The programming process began with a brainstorming meeting of experts in January 1990, which prepared the ground for a high-level symposium on cooperation in Asia and the Pacific in May 1990 attended by Government officials, heads of regional institutions, academics and other experts. The results of the symposium contributed directly to the drafting in late 1990 of the advisory note for the intercountry programme for the fifth cycle. The note drew on the report of the symposium as well as on papers and inputs submitted by ESCAP and several United Nations specialized agencies and organizations, including the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Food and Agriculture Organization of the United Nations (FAO), the International Civil Aviation Organization (ICAO) and the International Telecommunication Union (ITU). The note was then submitted to a meeting of UNDP Resident Representatives in Asia and the Pacific in October 1990.

38. Following detailed consultations with Governments, a draft of the fifth intercountry programme document was completed in the summer of August 1991. This document was also widely discussed, in particular by a series of intergovernmental meetings at the subregional level.

39. In the final stage of the process, the draft document was circulated to Governments, United Nations specialized agencies and regional organizations in order to elicit specific proposals for intercountry cooperation within the framework of the programme. All these proposals were comprehensively appraised and a revised version of the programme document was submitted to, and endorsed by, the fifth meeting of government aid coordinators in January 1992.

2. Strategy for UNDP cooperation

40. The regional programme has selected three thematic areas for intervention: human development through poverty alleviation; economic management and reform; and environment and natural resource management. The objective within each area is to strengthen regional, subregional and national institutional capacities for policy formulation and management development. The three priority areas of the programme fully reflect those of UNDP. Human development through poverty alleviation encompasses the UNDP focus of poverty eradication and promotion of women in development. Economic management and reform has both domestic and international dimensions: the former intending to respond to the very important process of transition in development management now ongoing in the region, the latter taking into account the rapidly changing conditions of trade and investment, including the needs of technology transfer. Environment and natural resource management is almost synonymous with the second UNDP focus of environmental problems and natural resource management. Finally, the TCDC modality will be a key feature, if not actually a condition, of virtually all components of the programme.

41. The growing interdependence among Asian and Pacific countries in many development areas is manifested in a significant increase in the awareness of the benefits of intercountry cooperation, further enhanced by the steady retreat of political inhibitions. This new interest was very clearly articulated in the regional and subregional meetings of aid coordinators, particularly by those countries that had not previously been significant participants in intercountry programmes such as the Democratic People's Republic of Korea and the Islamic Republic of Iran.

42. In the fifth cycle, the intercountry programme will play its part in meeting some of these important new opportunities. Under the United Nations mandate, UNDP has an important and unique set of roles to play in initiating and facilitating intercountry programme cooperation in the Asia-Pacific region. There are broadly two types of operational role: one is in supporting the process of integration in the region, mainly but not exclusively at the subregional levels, the other is in helping countries to address common needs.

The integrative role: four manifestations

43. Subregional integration is evident in the region to varying degrees in ASEAN, the Pacific region, South Asia and in North East Asia. UNDP assistance can help to strengthen subregional secretariats such as ASEAN to undertake tasks which are designated as priorities. Assistance to the Asian Clearing Union and the Bangkok Agreement may be seen in such a framework. Where no formal institutions of this kind exist, subregional cooperation can lead to their creation, as is envisaged under the Tumen River Basin Development Programme.

44. Regional infrastructure. UNDP played an integral role in the formation of the Asian and Pacific Development Centre, which is a research institution addressing development needs. UNDP resources have also been involved in strengthening already established institutions (e.g., through the Human

Resource Development and TRAINMAR networks) in order to promote the creation of regional networks among national institutions willing to develop such linkages. One of the functions of UNDP, and a top priority of the Governing Council, is the promotion of TCDC. The most effective way to promote TCDC is through the creation and support of regional institutions and frameworks among them.

45. Common standards. Effective subregional cooperation is also facilitated by the establishment of common standards and systems that in turn enable transactions to be carried out at the least cost. Intercountry programmes can be a valuable instrument in the process of harmonization in areas as diverse as trade nomenclature, equipment, specifications and transport standards.

46. Joint resource management. In the Asia-Pacific region, there are many opportunities for cross-border cooperation. One especially important example is the intergovernmental Mekong Committee. Major new opportunities have arisen among the countries of North East Asia. The management of the Himalayan Uplands and joint exploitation of ocean resources also hold promise.

The common needs role: three manifestations

47. Common technical concerns. Areas in which common needs approaches are especially appropriate include trade, investment and technology transfer. In these areas, among others, individual countries are facing similar circumstances and similar challenges as far as the external economic environment is concerned and certain issues, such as the human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS), are more efficiently tackled at an intercountry level than merely on a country-by-country basis.

48. Policy exchange. UNDP support can play an important part in the economic transformation of the region by enabling countries at varying levels of economic and social development to exchange information and experience in fields such as economic and market reform, macroeconomic policies, enterprise-level management, the role of Governments, and private sector operations. Several countries in the region are introducing major economic reforms in pursuing deregulation and opening their economies. Countries can learn from comparable experiences elsewhere in the region.

49. Technological development and research. This is another area that can well benefit from common needs assistance. The pooling of technological research and the sharing of technical expertise within institutional networks are examples.

50. These different types of operational role characterize UNDP intercountry assistance and provide the regional rationale for the individual programmes and projects described in the present document. In every case, intercountry cooperation will be closely linked to the national development priorities of the participating countries, and will often be complemented by ongoing country programmes and projects.

51. UNDP has a significant comparative advantage in developing and implementing regional and subregional strategies for economic and social development. UNDP is the largest of the bilateral or multilateral donors offering technical cooperation to region-wide programmes. At the subregional level, UNDP has built up special relationships with several subregional groupings: ASEAN as one of its few dialogue partners; among the Pacific island countries, where UNDP is active at intercountry and country levels (UNDP has been entrusted with the task of organizing most aid meetings in the form of round-table conferences in the subregion); and recently in North East Asia, where UNDP has taken the lead role in developments connected with the Tumen River Basin development. UNDP support is valued in intercountry initiatives because of its political objectivity and since it facilitates access to a diversity of views.

Relationship between regional and subregional programmes

52. The three major themes and the 16 programme areas outlined below provide the framework for individual regional and subregional programmes. At the regional level, programmes will vary in scope and size, in some cases involving countries from all the major subregions, in other cases, involving smaller numbers of countries, but from more than one subregion (inter-subregional).

53. Regional programmes will cover a wide gamut of development concerns and act as umbrellas of assistance for the region. Subregional programmes will deal with issues and concerns that are especially characteristic of each subregion. In some development areas, regional and subregional programmes will, in geographic terms, be mutually exclusive. In other areas, regional and subregional programmes will be complementary, with services from regional programmes supplementing those of subregional programmes. In yet other instances, individual countries may benefit from participation in regional programmes but not subregional programmes.

Areas of concentration in the regional programme

Human development through poverty alleviation

54. The fundamental focus of this theme is on poverty alleviation, for which it is recognized that efforts are required at various levels: at the level of strategic policy-making; at the level of central and local administration; and at the grass-roots level.

55. Important opportunities exist under intercountry auspices to share and compare experiences at all these levels and to develop common standards of definition and measurement of human development. Four programme areas have been identified under this theme.

56. Management for Human Development. The objective of this programme is to assist in the restructuring and improvement of resource allocations, management systems and institutional capacities in the social sectors of health, education, water supply and sanitation in order to serve better the needs of the poor.

57. Management is envisaged in its broadest connotation under this programme area. Management is clearly concerned with institutional and resource factors on which the efficiency of existing State-run and State-sponsored delivery systems depends. But management in the human development context reaches well beyond centralized delivery systems to encompass district-level initiatives, as well as the activities of private sector and community-based organizations.

58. For most Governments of the region, resource constraints impede efficient delivery of services. It is also true, however, that available financial, labour, capital equipment and material resources are not utilized efficiently. Operations and maintenance systems in many countries are poor and capacity is underutilized. Better management systems including greater decentralization and local autonomy could improve the efficiency of delivery systems.

59. Programmes in this area also need to take into account the potential for meeting human development objectives through the activities of para-statal, private sector and community-based organizations which are in particular addressing non-formal and localized educational, health and amenity needs. In the area of basic education, the goals of the World Conference on Education for All will be pursued. The Asia-Pacific region has a considerable wealth of experience to offer in this regard and intercountry programmes can facilitate a sharing and comparing of experience. Under this programme area, UNDP will also be supporting a very important initiative begun in the fourth cycle to combat the alarming spread of HIV/AIDS infection in the region; non-governmental organizations (NGOs) and community-based organizations are playing an important part in this programme, which is expected to attract parallel funding from bilateral donors. In support of a major re-examination of priorities in key human development sectors, there is also a need to develop better statistical and information systems to facilitate policy planning and expenditure allocations.

60. Empowerment of the poor (and strengthening community-based approaches to development. The objective of this programme is to raise the capacity of community-based organizations and government institutions to respond to the needs of the poor, especially in the rural and informal sectors, through education, training and exchange of experience.

61. Growing recognition of the limits of State action in poverty alleviation has led to an upsurge of community-based activities to improve the conditions of the poor. Their activities range over a wide economic and social spectrum.

62. Intercountry interventions under this programme area will focus on activities of a catalytic nature. The role of a regional programme would be to publicize and help to disseminate knowledge of productive interventions by

NGOs and community-based organizations, as well as to stimulate a more positive interest on the part of Governments and assist in improving the quality of the relationship between public agencies and these organizations. The programme could also be an instrument of cooperation with other donor agencies that are increasingly inclined to channel resources through non-governmental channels. Strengthening community-based organizations operating in informal credit markets both in rural and urban areas offers an important point of entry. Informal credit channels at the local level can stimulate productive activity and, in the right circumstances, contribute directly to poverty alleviation.

63. Community-based organizations are also active in the fields of health, education, water supply and sanitation and in the environment and management of natural resources - forestry, water, soils. These organizations can be strengthened to play larger roles in areas such as health education (including AIDS), education for functional literacy and in environmental education. The role of women in development will be an important aspect of UNDP work with community-based organizations.

64. Intercountry programmes in this area could be expected to utilize the Domestic Development Service (DDS) field workers of the United Nations Volunteers (UNV) programme as part of their field support.

65. Vocational and entrepreneurial skills for productive employment. The objective of this programme is to enhance income generation and poverty alleviation by contributing to the creation of a larger pool of manpower resources in the region with expertise in small-scale entrepreneurship and other areas of productive employment.

66. The regional programme will assist Governments in the introduction of greater vocational biases in their education systems and also facilitate the development of entrepreneurial skills. The programme will encompass:

(a) Comparative analysis at the regional level, leading to the identification of appropriate systems of vocational training;

(b) Guidance on the sectors and subjects in which vocational training capacities should be enlarged and further created;

(c) Recognized systems of certification and accreditation to which are attached a degree of prestige and acceptance similar to those in traditional forms of education;

(d) Small-scale enterprises, both in rural and urban areas, promoted and encouraged through the creation of a facilitating and supportive policy environment;

(e) Large-scale business associations in industry and commerce, especially those of indigenous origin, encouraged to develop arrangements through which they can be linked to small-scale entrepreneurs, particularly as suppliers.

67. Urban management. The objective of this programme is to increase the capacity of urban administrative systems to address the phenomenon of rapid urbanization more efficiently in the interests of the poor.

68. The regional programme will assist municipal and city administrations and central Governments, learning from comparative experience, to address the four issues of decentralization, resource mobilization, targeted assistance and the urban environment.

69. Addressing the issue of urban poverty also requires municipal authorities to look on the operations of the informal sector more favourably than they do now. The informal sector absorbs most of the shocks generated by the urban explosion, including the ever-growing relatively unskilled labour force. It should not be treated as a phenomenon outside the law. Urban land laws, property rights of squatters and vendors, informal transport systems, should be re-examined to prevent the phenomenon of making the poor act illegally, thereby adding to the costs incurred in transacting their economic activities.

Subregions: ASEAN, Pacific, South Asia and former Indo-China

70. Under the broad theme of human development through poverty alleviation, the specific needs of the subregions will be addressed. For ASEAN, priority will be given to the improvement of social conditions, especially for those engaged in the informal sector and the elderly and the disabled, facilitating an ASEAN-wide network of human resources training institutions, with special emphasis on women's skills training and the study of migrant labour patterns. In the Pacific, the emphasis will be on integrated atoll and outer islands development, enabling improved management of the fragile ecosystems of these small island countries, improving basic education and skills and subregional institutional upgrading for the development of the water and sanitation sector. In South Asia, emphasis will be placed on alternative health systems, drawing on the strong traditional systems of herbal medicine, innovative strategies in vocational training, utilizing traditional apprenticeship patterns and developing low-cost methods to improve literacy and basic education. In former Indo-China, the programmes will be similar to those of South Asia.

71. Comparative advantage and statement of impact. The comparative advantage of UNDP in human development has been clearly established since its contribution to the development of this concept and its efforts to steer policy change both at the global and country levels towards giving higher priority to those indicators that reflect levels of human development. The programme proposals above are intended to enable countries in the region to develop and implement policies which improve levels of human development and alleviate poverty in a region that harbours the large majority of the world's poor. The impact of this programme should be felt through an improvement of relevant indicators, and more immediately through the development of policies and institutional capacities which address social issues in an integrated manner.

72. IPF resources allocated to this area of concentration are $45 million.

Economic management and reform

73. In the last few years, a paradigmatic change has occurred in the way national economies in both developing or developed countries should be managed. Scarcities of financial resources, a rapidly growing interdependence among countries reflected in new trade, investment, information flows and migration patterns, and a new recognition of the significance of entrepreneurial capacities and the pivotal role of the private sector and that of the market in resource allocations have all contributed to the emergence of this new paradigm.

74. Intercountry activities under this theme are primarily intended to assist Asia-Pacific countries to undertake the macroeconomic, sectoral and micro-economic adjustments urgently required to enable them to take advantage of expanding economic and trading opportunities at the global and regional levels. The programmes are based on both integrative and common needs strategies. They encompass macroeconomic policy concerns, domestic and external resource mobilization, trade policy and promotion and the strengthening of infrastructure for trade and development. The Governing Council's areas of focus of management development, transfer and adaptation of technology, and TCDC are major concerns in each of the seven programme areas.

75. Macroeconomic policy development. The objective of this programme is to stimulate the development of macroeconomic policies to assist Governments to achieve greater economic efficiency.

76. The region is a mosaic of macroeconomic experience from which important lessons can be drawn, not necessarily for precise replication, but to obtain broad directions on desirable development sequences.

77. One important issue is an improved understanding of the pattern of growth and the factors which contributed to the dynamism of newly industrializing economies. They achieved their current status over a period of about two decades, primarily as the result of an effective concertation of policy measures which allowed the private sector a dominant role in economic development, closely associated with judicious technocratic economic engineering by Government. Those countries in the region now poised for more rapid industrialization process could benefit from more analysis of the dynamics of the process as well as from a wider exchange of experiences.

78. The region also contains a group of countries which have depended primarily on central planning and are now anxious to provide for an enlarged role for market forces and the private sector. These economies could benefit from greater exposure to alternative policies and measures that might assist them in stimulating economic growth. Beyond privatization, these countries are seeking methodologies of economic development that encompass improved resource mobilization and consequent reform of the financial sector, greater efficiency at the enterprise level through appropriate systems of incentives, and an infrastructure of economic administration that facilitates entrepreneurial dynamism.

79. The regional programme could also assist countries to obtain a clearer idea of the role of the State in economic development. While there is a fundamental reappraisal of the State and its agencies as producers and entrepreneurs, there is also the growing recognition that the State has a key role to play in such areas as health and education, infrastructure building, generating policy regimes and transmitting information.

80. A key initiative within this programme area will be the preparations for the Asia-Pacific Forum on Economic Management and Reform.

81. Resource mobilization for development. The objective of this programme is to enable developing countries in the region, especially those with relatively underdeveloped financial markets, to institute financial sector reforms and attract foreign direct investment leading to an enhanced capacity for resource mobilization.

82. The programme is expected to have two distinctive components: financial sector reform and direct foreign investment.

83. While several countries in the region have achieved savings rates of well over 20 per cent, the levels in many others are less than 15 per cent. In these countries, inadequate attention to the generation of domestic savings has retarded development efforts. The efficient mobilization of savings, and their utilization for productive investment, depends primarily on reasonable levels of real interest rates, opportunities for investments through an array of savings and investment instruments, availability of, and access to, institutions such as stock exchanges, venture capital markets, and collaboration with appropriate foreign investors, especially to obtain not only counterpart capital but also technology and market information. The programme will focus on the reform of financial and capital markets, on creating the required preconditions (including the development of institutions and incentive systems) for attracting foreign direct investment.

84. Strengthening economic management. The objective of this programme is to strengthen customs and tax administrations in selected countries to enable them to play an instrumental role in economic management and reform.

85. Two types of government department - tax and customs - have inherited a regulatory and control vocation which precludes them from considering themselves as economic development agencies. More open trading systems will require these two agencies to recognize their roles as instruments of economic growth in addition to those of raising revenues. To bring about the desired changes in attitudes, outlook and practices, a major effort in staff development, information support systems and training capacities will be required, which can be supported by regional programmes.

86. Two areas in which the regional programme is expected to give continuing support, in tandem with national efforts, are in the strengthening of customs administrations through the utilization of the computerized customs administration and management system (ASYCUDA), and in further assistance with the implementation of new tax instruments (such as the value-added tax).

87. International trade policy. The objective of this programme is to enable policy makers and implementing agencies to recognize the new opportunities that are emerging at the global level for the expansion of trade through changing international policy regimes and the consequential need for trade policy adjustment at the national level.

88. Although the Asia-Pacific region as a whole has achieved high rates of growth in trade, many countries have performed at significantly less than their potential, primarily because of policy shortcomings. There is now a clearer awareness of the close interaction between import and export regimes in a country's trade expansion achievements. Protectionist import regimes impose substantial costs on exporters. Also, freer access to imported inputs is a vital ingredient in export expansion. These questions are expected to be addressed through the regional programme on macroeconomic policy development. The international trade policy programme will complement trade reform issues at the domestic level with the detailed identification of trade opportunities at the global level.

89. The fourth regional programme provided significant technical cooperation to countries in the region in their participation in the Uruguay Round of multilateral trade negotiations and in the Generalized System of Preferences. Over the next five years, major changes can be expected in the international trading regime with the advent of "Europe 1992", the North American free trade area and the finalization of the Uruguay Round. Trade regimes in agriculture, textiles and in services sectors are expected to undergo significant transformation. The international trade policy programme will enable Governments to obtain policy guidance and advisory services on a broad spectrum of trade issues crucial to their economic and international trade development.

90. Trade development within the region. The objective of this programme is to facilitate expanding intraregional trade.

91. The programme on intraregional trade should focus on activities which explore the emerging opportunities for intraregional trade in manufacturing, agricultural commodities, services, technology transfer and investment. The programme should encompass those countries which are now in an active phase of market reforms such as the former Indo-China States. Intraregional transactions in the services sector and in technology transfer should also be included in the programme.

92. The growing importance of the Pacific Rim in world trade in the last decade has added a new dimension to the trading prospects of the Asia-Pacific region as a whole. Those countries which are not part of the Pacific Rim should explore the feasibility of more intensive linkages with those countries which are part of the Pacific Rim in view of the growing trade opportunities in that region.

93. Development of export-oriented small and medium-scale enterprises (SMEs). The objective of this programme is to develop the export capacity of the rapidly expanding number of SMEs in the region.

94. Although precise definitions and numbers are not readily available, it is conservatively estimated that there could be over 100,000 export-oriented SMEs in the region. The exports of these SMEs are worth from $10,000 to $10 million each annually. Several projects financed by UNDP during the fourth cycle have assisted the SME sector. Although these projects have made notable contributions, a more integrated approach is now needed. The sophistication of the SME sector varies from one country to another. In some countries there are many SMEs in high technology areas; in others, SMEs are struggling to maintain their export levels in the face of policies which, though not intended to do so, effectively discriminate against them.

95. All SMEs face similar kinds of problems, however. A comprehensive common needs programme for SMEs at the regional level could be supportive of the many activities that are undertaken in this sector by UNDP and by other multilateral and bilateral donors and could include the development of a statistical, research and analytical base; enterprise-level assistance to upgrade SME technology, product design and marketing; support to industry and product associations; and an import-for-export component to facilitate access to capital, technology and raw materials.

96. Strengthening infrastructure for trade and investment. The objective of this programme is to strengthen the transport and communications infrastructure in the region in order to facilitate the process of trade and investment promotion.

97. Intercountry trade and investment is hampered by the lack of regional infrastructure in the form of aviation and marine transport, telecommunications, and postal services. The regional programme can supplement country programmes in this sector to build up the capacity to absorb and benefit fully from the opportunities for intraregional trade and investment. This programme will complement national programmes that are now in progress under the Transport and Communications Decade.

98. Civil aviation has expanded rapidly in the region and has facilitated the movement of goods and people. With growing air traffic volume, the region's common technical infrastructure needs to be strengthened. A more intensive intraregional civil aviation system may be developed in areas where the economic feasibility of air routes has been clearly established.

99. Maritime transport has also experienced rapid expansion into the business sector in recent years. Asian countries have built up their marine infrastructure and capacity, and a few countries even have substantial ship-building industries. The regional programme can support existing activities and also help develop the more neglected aspects of maritime transport - coastal shipping and shipping using inland waterways. Development of this sector can be a significant stimulus in assisting the movement of labour and helping to foster trade.

100. Most countries in the region need to upgrade their telecommunications and postal systems. With the advances in information technology, the role of communications in economic development is increasing in importance. This

presents tremendous opportunities for intraregional investment, with the prospect of developing countries gaining a comparative advantage in modern and high-value-added industries because of their relatively lower labour costs. The value of efficient systems therefore cannot be underestimated. A recent trend to deregulate and privatize telecommunications bodes well for the region's economic prospects.

Subregions: ASEAN, Pacific, South Asia, North East Asia and former Indo-China

101. Under this theme, several smaller programmes are being developed to address specific subregional concerns in more depth. For ASEAN, these programmes are expected to focus on intra-ASEAN trade and industrial cooperation, enhancing financial cooperation through exploring the feasibility of a regional capital market, use of ASEAN currencies in intra-ASEAN trade, the establishment of specialized financial institutions, and tax and trade practice in harmonization. It is also expected to focus on institutional strengthening for private sector collaboration and strengthening capacities within the ASEAN secretariat. In the Pacific, the focus will be on strengthening economic management, development of small and medium-scale enterprises and the strengthening of small-holder agriculture and farming systems. The development of marine transport and civil aviation and the strengthening of telecommunications services will also be supported.

102. In South Asia, the subregional programme will focus on an expansion of South Asian trade, especially in basic needs goods, research and development in traditional food systems and on small entrepreneurs. In North East Asia, attention will be focused on facilitating the initial steps towards the economic development of the Tumen River Basin, which is a major cross-border activity linking the vast hinterland stretching from North East China to Mongolia. The feasibility of increasing temperate food crop production will also be explored. In former Indo-China, activities will focus on assisting these Governments to move from a command system of economic management towards a greater market orientation.

103. Comparative advantage and statement of impact. The comparative advantage of UNDP in economic management and reform issues at the regional level lies in its capacity to obtain access to a diversity of experience and technical capacities, as well as expertise from within the United Nations system (including the International Monetary Fund (IMF) and the World Bank) to implement programmes which aim at a clearer understanding of the diversity of Asian economic experience. The objectivity which UNDP can offer is also at a premium in an area where there are wide divergencies in views and prescriptions.

104. The impact of this programme should be felt in several ways: policy development that reflects greater incentives to private sector; reforms of the financial sector; attitudinal changes in key institutions such as tax and customs administrations; expansion of exports from small and medium-scale enterprises and development of targeted policies for this subsector; the creation of a research and analytical infrastructure for intraregional trade; and the expansion of transport and communication linkages within the region.

105. IPF resources allocated to this area of concentration are $45 million.

Environment and natural resource management

106. Common issues and dangers that confront the region are the focus of the strategies under this theme; the facilitation of common approaches is a feature of these programmes.

107. Environmental research is at an early stage in most countries and a striking lacuna is the absence of decentralized research facilities that alone can enable continuing research into local ecosystems, which are under threat, and into vanishing plant and animal species. Another major challenge confronting the region is the need to develop environment technologies. Programmes are also required to improve management of agricultural systems and marine and inland waterways.

108. IPF funding in support of the programmes described below will be supplemented by Global Environment Facility (GEF) funding at the regional level.

109. Environmental policy and research. The objective of this programme is to assist countries in the region to adjust policies in favour of environmental sustainability, establish common standards and upgrade their environmental research and advisory capacities.

110. More than ever, policy makers need to be fully cognizant of the environmental changes that accompany economic development, both as causes and consequences. Building national capacities will require the generation of improved information (for example, from remote-sensing media and from research) and a better understanding at all levels (national to local) of environmental phenomena and their changes. Within the compass of environment, patterns of energy generation and consumption must also be considered.

111. Some of the many concerns that could be addressed regionally are: development and practice of environmental accounting techniques; generation of technical information on the environment; research and analysis of environmental phenomena; public dissemination of environmental information; analysis of energy generation and consumption patterns; development of common standards, protocols and regulations relating to the environment.

112. Funds will be held in reserve in this programme area to support initiatives at the regional level decided upon by the United Nations Conference on Environment and Development (UNCED) in June 1992.

113. Environmental technology development and dissemination. The objective of this programme is to encourage the development and adoption of environmental technologies, in private and public sector companies, that reduce wastage and promote the sustainability of natural resources.

114. There are practices in agriculture, industry, transport and in other sectors which have a continuing adverse impact on the environment. Technologies are being fast developed to suit various circumstances but most are more appropriate and more affordable for the industrialized countries. Developing countries of the region nevertheless need urgently to adapt these technologies to their own circumstances and explore the feasibility of developing their own technologies.

115. The key areas for which environmental technologies need to be developed are in urban pollution control; industrial (and agro-processing) pollution control; and toxic and hazardous waste control.

116. Apart from adopting, adapting and developing already existing technologies, there is a need to proceed with the development of environmentally friendly biotechnologies and low waste and non-waste technologies.

117. The regional programme will assist in providing objective advice to Governments, State enterprises, and private sector companies on choices of technology, acquisition and adoption. To enhance the consciousness of productive enterprises, government regulations and controls will be important, but they will need to be supplemented by enforcement. An effective method of controlling the polluting activities of the industrial sector may include a system of financial incentives and disincentives to encourage enterprises to incorporate environmentally safe methods into their mode of production.

118. Agricultural resource management (including forestry and fisheries). The objective of this programme is the adoption of sustainable agricultural forestry and fisheries practices, particularly in fragile ecosystems.

119. Increasing scarcities of land and water, soil erosion, desertification and salinity, deforestation, and other forms of resource depletion make it imperative that agricultural research systems develop capacities and technologies to address these problems. Agricultural research needs to focus specifically on environmentally sustainable methods of agricultural development. At a regional level, programmes will address the following six areas:

(a) Development and dissemination of technologies for improved dryland management;

(b) More prudent coastal wetlands management based on environmentally sound farming, fisheries and land use;

(c) Better protection, management and utilization of forests, through judicious economic, land tenure and agriculture policies, and appropriate regulation of logging and wood-processing industries;

(d) Improved fishery management practices and the conservation and rehabilitation of aquatic habitats;

(e) Promotion of biological methods of pest control and integrated pesticide management through the further development of technology and its dissemination;

(f) Maintenance of the biodiversity of the Asian region.

120. Marine environment. The objectives of this programme are to foster regional cooperation to reduce and control marine pollution and enhance offshore marine resource management.

121. Many environmental issues such as marine pollution, both in the high seas and close to ports, primarily caused by oil spills and other forms of effluent discharge need to be tackled on the basis of regional cooperation. With the increasing transport of oil for rapidly expanding economies, oil spillage is a serious hazard in some sea lanes. Environmental safeguards are also not appropriately implemented neither by ships nor by national authorities and systems of inspection need to be improved.

122. A second programme objective relates to improving the stewardship of marine resources, the economic and environmental importance of which are increasingly appreciated by countries of the region. There is a need to encourage further common understanding of marine systems and how both near and offshore coastal resources can be better husbanded through sustainable practices.

123. Disaster mitigation. The objective of this programme is to assist in strengthening the capacity of relevant national administrative entities to prepare for and respond to natural disasters and to establish cooperative networking arrangements among themselves.

124. Within recent times, many of the countries of the region have had to confront major natural disasters that have accounted for loss of life and physical property on a massive scale: typhoon and flood in Bangladesh in 1991; the earthquake in the Islamic Republic of Iran in 1990; earthquake, volcanic eruption and floods in the Philippines in 1991; earthquake in Afghanistan and Pakistan in 1991; floods in China in 1991; typhoon and floods in Viet Nam and the Pacific. These are only a few examples of the major national disasters in the region.

125. Supported by strong mandates from the General Assembly, UNDP has been given the responsibility, through the resident coordinators, of assuming the task of country-level coordination of the United Nations system response to natural disasters. The UNDP Disaster Management Training Programme, beginning in Asia in 1992, could lead to requests for institutional strengthening at the country level. Support at the regional and subregional level could supplement such assistance, particularly since many national administrations have expressed their interest (for example, in the regional meeting of aid coordinators in January 1992) in sharing their experience of responding to natural disasters. A rationale for intercountry initiatives is also suggested by the existence of cross-border earthquake and typhoon zones in various parts of the region.

Subregions: ASEAN, Pacific, South Asia and former Indo-China

126. In ASEAN, attention will be given to the conservation of fishery and aquatic resources. In the Pacific, the thrust will be on improving environmental planning and management; the development of an energy and forestry strategy; and enabling Governments to exploit more gainfully and in a sustainable way, the fishery resources in the vast exclusive economic zones. In South Asia, high priority is attached to improving the management of the Himalayan Uplands througn a holistic strategy of agricultural and watershed management. In North East Asia the programme will concentrate on air pollution occurring through coal combustion and encourage the extensive use of fuel efficient stoves, clean coal technologies, and renewable sources of energy. In former Indo-China, interventions will be directed to halt environmental decline. The programme extending UNDP support to the development of the Mekong Basin will be continued.

127. Comparative advantage and statement of impact. The comparative advantage of UNDP in this area lies in the high priority it has attracted to environmental issues, its role as a GEF administering agency, its wealth of experience at the country level on environmental and natural resource management issues, and the special relationships at the subregional level which UNDP has and which are important to developing cross-border arrangements for environmental protection.

128. The impact of these programmes should be felt through enhanced policy and institutional capacities in the region, the transfer of environmental technology, improved management capacities to manage fragile ecosystems, and through greater controls on marine pollution.

129. IPF resources allocated to this area of concentration are $45 million.

C. Assistance outside the main programme areas

130. Assistance outside these areas is confined mainly to ongoing projects begun during the fourth programming cycle, which are expected to be phased out over the next two years.

131. To enhance the responsiveness of the regional programme to take into account emerging requirements for technical cooperation, including the regional needs mandated by UNCED - an amount of $11.4 million will be kept as an unprogrammed reserve at the start of the fifth cycle.

D. Implementation and management arrangements

132. The programme approach will be adopted extensively for the conception and implementation of all new components of the fifth intercountry programme, in contrast to the sector-oriented project approach of the previous cycle. Programmes will be formulated not merely for UNDP funding but in order to elicit funding from other potential sources. Collaboration with the private

sector and NGOs will also be promoted wherever appropriate. There will in consequence be major management implications for programme implementation.

133. In the first place, because of the need to address a range of related issues, programmes could involve a number of different organizations and agencies within and outside the United Nations system, according to their relative strengths and expertise.

134. Secondly, and in consequence of the need for more strategic guidance as well as coordination responsibilities, a new system of management will be required. Programme managers, with responsibilities beyond those of traditional chief technical advisers, will be required to mobilize and direct services and inputs from a variety of sources, using more flexible (but still strictly accountable) funding arrangements.

135. Thirdly, through a process of decentralization, UNDP field offices will become more fully involved in formulating, implementing and monitoring regional programmes. Through the Resident Representatives the relevant government and non-governmental agencies in participating countries will play a more active role.

136. Fourthly, and underlying all of these needs, programmes will utilize more region-based resources, especially those competent institutions and individual experts available in the region.

137. By dispersing project locations within the region, and establishing linkages with country initiatives, the regional programme will be closely involved with and supportive of individual Governments and country programmes. Financial, technical and managerial support for the regional programme will be increased. A major objective of the programme will be capacity-building and strengthening, as mandated by Governing Council decision 90/34.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

	(Thousands of dollars)	
Carry-over from fourth-cycle IPF	9 500	
Fifth-cycle IPF	151 400	
Subtotal IPF		160 900
Project cost-sharing (Government)	1 000	
Project cost-sharing (third party)	4 000	
Programme cost-sharing	-	
Subtotal for cost-sharing		5 000
TOTAL		165 900

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	IPF	Cost-sharing	Total	Percentage of total resources
Human development through poverty alleviation	45 000	2 000	47 000	28
Economic reform	45 000	1 000	46 000	28
Environment and natural resources	45 000	1 000	46 000	28
Other	14 500	1 000	15 500	9
Subtotal	149 500	5 000	154 500	93
Unprogrammed reserve	11 400	-	11 400	7
TOTAL	160 900	5 000	165 900	100

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds		
SPR	2 000	
UNCDF	-	
UNSO	-	
UNIFEM	-	
UNRFNRE	-	
UNFSTD	-	
Subtotal		2 000
B. Other United Nations resources		
JCGP participating agencies		
UNFPA	-	
UNICEF	-	
WFP	-	
IFAD	-	
Other United Nations agencies (non-UNDP financed)		
Global Environment Facility	9 500 a/	
Subtotal		9 500
Total non-core and other United United Nations resources		9 500
C. Non-United Nations resources	-	
TOTAL		11 500

a/ This figure of $9.5 million has already been committed for the Greenhouse Gases Reduction Programme. Additional funds are expected to be received.

Annex II

PROGRAMME MATRIX

Area of concentration	Area of focus a/					
	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
Human development through poverty alleviation						
Management for human development	*		*	*		*
Empowerment of the poor	*			*		*
Skills for productive employment	*			*		*
Urban management	*	*	*	*	*	*
		*		*	*	*
Economic management and reform						
Macro-policy development			*	*		
Resource mobilization			*	*	*	
Tax/customs			*	*		
Trade policy			*	*	*	
Intraregional trade			*	*	*	
Small and medium-scale enterprises			*	*	*	
Infrastructure			*	*		
Environment and natural resources management						
Environment policy and research		*		*		
Environment technology		*		*	*	
Agricultural resources management		*	*	*		*
Marine environment		*		*	*	
Disaster mitigation		*	*	*		

a/ Asterisk indicates major linkage only.